

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 COMMISSIONERS

3 JEFF HATCH-MILLER, Chairman
4 WILLIAM A. MUNDELL
5 MARC SPITZER
6 MIKE GLEASON
7 KRISTIN K. MAYES

8 In the matter of:

) Docket No. S-03491A-02-0000

9 PAUL J. MEKA and CAROL MEKA,
10 husband and wife
11 10038 North 58th Place
12 Scottsdale, AZ 85253

) **SETTLEMENT AGREEMENT AND**
) **ORDER RE: SAME BY: PAUL AND**
) **CAROL MEKA**

13 Respondents.

) Decision No. **68714**

14 **I. SETTLEMENT AGREEMENT.**

15 1. Plaintiff, the Arizona Corporation Commission (“Commission”), and Defendants
16 Paul J. Meka and spouse Carol Meka (“Meka”), parties in the case of *Arizona Corporation*
17 *Commission v. American National Mortgage Partners L.L.C. et al.*, Maricopa County Superior
18 Court No. CV2003-005724 (the “lawsuit”), desire to resolve the portion of the lawsuit involving
19 them and thus enter into this Settlement Agreement (“Agreement”).

20 2. In settlement of the lawsuit, Meka elects to permanently waive their right to a trial
21 of the lawsuit. Meka admits the jurisdiction of the Superior Court over the subject matter of this
22 lawsuit.

23 3. Meka consents to the entry of the Proposed Judgment attached as Exhibit B to this
24 Agreement.

25 4. Meka neither admits nor denies that he offered and sold interests through ANMP
26 while the interests were not registered and Paul J. Meka was not registered to offer and sell securities
violating A.R.S. §§ 44-1841, 1842 and 44-2032.

5. Meka neither admits nor denies that he violated A.R.S. §44-1991, either directly or
indirectly, when he offered and sold interests through ANMP. The Commission alleges that Meka

1 employed devices, schemes or artifices to defraud, made untrue statements of material fact or omitted
2 to state material facts which were necessary in order to make the statements made not misleading in
3 light of the circumstances under which they were made and/or engaged in any transaction, practice or
4 course of business which operated or would operate as a fraud or deceit when Meka offered and sold
5 interests through ANMP.

6 6. Paul J. Meka acknowledges that he was the subject of a prior Cease and Desist Order
7 of the Commission, Docket No. S-03469A-01-0000, Decision No. 64653.

8 7. Meka, pursuant to A.R.S. § 44-2032, agrees that they shall permanently be enjoined
9 from violating the Securities Act.

10 8. Meka and the marital community of Paul J. Meka and Carol Meka agree to entry of
11 judgment against it of \$81,000 in disgorgement of commissions and trustee fees.

12 9. Meka agrees that the funds paid for disgorgement will be turned over to the
13 Receiver assigned to this matter and will be used to fund restitution to investors. If at the time
14 Meka pays the disgorgement amount, the Receiver has already fully repaid investors for their
15 losses, Meka's repayment would then go to the state of Arizona general fund.

16 10. Pursuant to A.R.S. § 44-2037, Meka and the marital community of Paul J. Meka
17 and Carol Meka agree to pay a civil penalty of \$30,000. The civil penalty will be reduced to
18 \$19,000 if disgorgement and penalties are paid within six months from the date of this order.

19 11. Pursuant to A.R.S. § 44-2032(1)(a), Meka and the marital community of Paul J.
20 Meka and Carol Meka agree to pay \$20,000 for contempt of a previous Commission order, Docket
21 No. S-03469A-01-0000, Decision No. 64653 related to prior but similar activities.

22 12. Meka acknowledges that they have been fully advised of their right to a trial to
23 present evidence and call witnesses and Meka knowingly and voluntarily waive any and all rights
24 to a trial of this matter.

1 13. Meka knowingly and voluntarily waive any right they may have under to judicial
2 review by any court by way of suit, appeal, or extraordinary relief resulting from the entry of
3 Exhibit B, the proposed judgment.

4 14. Meka acknowledges and agrees that this Agreement is entered into freely and
5 voluntarily and that no promise was made or coercion used to induce such entry.

6 15. Meka acknowledges that they have been represented by counsel in this matter, they
7 have reviewed this Agreement with their attorney and understand all terms it contains.

8 16. By consenting to the entry of the Judgment, Meka agrees to refrain from taking any
9 action or to making, or permitting to be made, any public statement denying, directly or indirectly,
10 or calculated to create the impression that the legal conclusions contained in Paragraphs 4 and 5 of
11 the Agreement are without merit.

12 17. While this Order settles the lawsuit between Meka and the Commission, Meka
13 understands that this Order does not preclude the Commission from instituting other administrative
14 or civil proceedings based on violations that are not addressed by the lawsuit.

15 18. Meka understands that this Agreement does not preclude the Commission from
16 referring this matter to any governmental agency for administrative, civil, or criminal proceedings
17 that may be related to the matters addressed by the lawsuit.

18 19. Meka understands that this Agreement does not preclude any other agency or
19 officer of any governmental agency or its subdivisions from instituting administrative, civil or
20 criminal proceedings that may be related to matters addressed by this Agreement or the lawsuit.

21 20. Meka agrees that they will not exercise any control over any entity that offers or
22 sells securities or provides investment advisory services, within or from Arizona.

23 21. Meka understands that default shall render them liable to the Commission for its
24 costs of collection and interest at the legal rate determined by law.

1 22. Meka agrees that they will continue to cooperate with the Securities Division
2 including, but not limited to, providing truthful, complete and accurate testimony at any hearing or
3 trial in this matter and cooperating with any governmental agency in any related investigation or
4 any other matters arising from the activities described in the lawsuit.

5 23. Meka agrees not to challenge the imposition or continuation of the Receivership.

6 24. Each party shall bear its own attorneys' fees and costs.

7 25. Meka acknowledges that this Agreement must be approved by the Commission at a
8 noticed Open Meeting.

9 26. The Commission and Meka agree that upon approval of this Agreement, their
10 counsel shall as soon as practicable execute and cause to be filed the attached Stipulation to Entry
11 of Judgment (Exhibit A to this Agreement) and Judgment (Exhibit B to this Agreement).

12 27. Meka acknowledges that at all relevant times, Meka acted for their individual
13 benefit and for the benefit or in furtherance of their marital community.

14 28. Paul J. Meka and Carol Meka acknowledge that any restitution or penalties imposed
15 by this Order are obligations of Paul J. Meka as well as the marital community.

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29. This Agreement resolves the lawsuit brought by the Commission against Meka. It does not resolve the portion of the lawsuit pertaining to any other named Defendant.

/s/ Paul J. Meka
Paul J. Meka

SUBSCRIBED AND SWORN TO BEFORE me this 11th day of May, 2006.

/s/ Hernan Charry
NOTARY PUBLIC

My Commission Expires:

4/19/09

/s/ Carol Meka
Carol Meka

SUBSCRIBED AND SWORN TO BEFORE me this 11th day of May, 2006.

/s/ Hernan Charry
NOTARY PUBLIC

My Commission Expires:

4/19/09

II.

ORDER

The Arizona Corporation Commission (“Commission”) having reviewed the Settlement Agreement entered into between Paul J. Meka, spouse Carol Meka and the Securities Division of the Commission (“Division”) and finding the Settlement Agreement to be in the public interest, the Commission finds that the following Order is appropriate and in the public interest:

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1 IT IS ORDERED that the Settlement Agreement between the Commission and Meka is
2 approved.

3 IT IS FURTHER ORDERED that this Order shall become effective immediately.

4 **BY ORDER OF THE ARIZONA CORPORATION COMMISSION**

5
6 /s/ Jeffrey Hatch-Miller

/s/ William A. Mundell

7 CHAIRMAN

COMMISSIONER

8
9 /s/ Marc Spitzer

/s/ Lowell S. Gleason

/s/ Kristen K. Mayes

10 COMMISSIONER

COMMISSIONER

COMMISSIONER

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12
13 IN WITNESS WHEREOF, I, BRIAN C. McNEIL,
14 Executive Director of the Arizona Corporation
15 Commission, have hereunto set my hand and caused the
16 official seal of the Commission to be affixed at the
17 Capitol, in the City of Phoenix, this 1st day of June, 2006.

18 /s/ Brian C. McNeil
19 BRIAN C. McNEIL
20 Executive Director

21 **DISSENT**

22
23 **DISSENT**

24 This document is available in alternative formats by contacting Linda Hogan, Executive Assistant
25 to the Executive Director, voice phone number 602-542-3931, E-mail lhogan@azcc.gov.

26 (wc)

Exhibit A

ARIZONA CORPORATION COMMISSION

Wendy Coy, #013195
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Attorney for Plaintiff
Telephone: (602) 542-0633
Fax: (602) 594-7418

STATE OF ARIZONA

MARICOPA COUNTY SUPERIOR COURT

ARIZONA CORPORATION COMMISSION)	No. CV2003 005724
)	
Plaintiff)	STIPULATION FOR ENTRY OF
)	JUDGMENT
v.)	
)	RE: PAUL J. MEKA and CAROL MEKA
AMERICAN NATIONAL MORTGAGE)	
PARTNERS, L.L.C., et al.)	(Assigned to the Honorable Timothy J. Ryan)
)	
Defendants.)	
)	

Plaintiff, the Arizona Corporation Commission and Defendants Paul J. Meka and Carol Meka, hereby stipulate to entry of the attached Judgment.

Dated this _____ day of May, 2006.

ARIZONA CORPORATION COMMISSION

By _____
Wendy Coy
Attorney for the Arizona Corporation
Commission

Dated this _____ day of May, 2006.

MILLER LASOTA & PETERS PLC

By _____
Donald M. Peters, Esq.
Attorney for Paul J. and Carol Meka

Copies of the foregoing hand delivered
this ____ of _____, 2006

Maricopa County Superior Court
Honorable Timothy J. Ryan
201 W. Jefferson ECB-614
Phoenix, Arizona 85003-2205

Copies of the foregoing mailed
this ____ of _____, 2006:

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Matthew K. LaVelle
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Larry and Sheila Dunning
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Highland Beach, FL 33487

Eric Strasser
2851 Bedford Lane #176
Chino Hills, CA 91709

Exhibit B

ARIZONA CORPORATION COMMISSION

Wendy Coy, #013195

1300 West Washington, 3rd Floor

Phoenix, Arizona 85007

Attorney for Plaintiff

Telephone: (602) 542-0633

Fax: (602) 594-7418

STATE OF ARIZONA**MARICOPA COUNTY SUPERIOR COURT**

ARIZONA CORPORATION COMMISSION

) No. CV2003 005724

Plaintiff

) **JUDGMENT**

v.

) **RE: PAUL J. MEKA and CAROL MEKA**AMERICAN NATIONAL MORTGAGE
PARTNERS, L.L.C., et al.

) (Assigned to the Honorable Timothy J. Ryan)

Defendants.

)

Upon stipulation of Plaintiff, the Arizona Corporation Commission (“Commission”) and Defendants Paul J. Meka and spouse Carol Meka (“Meka”) and good cause appearing:

IT IS HEREBY ORDERED pursuant to A.R.S. § 44-2032 Meka shall be permanently enjoined from violations of the Arizona Securities Act, A.R.S. § 44-1801 *et seq.*

IT IS FURTHER ORDERED that judgment shall be entered in favor of the Commission against Paul J. Meka and spouse Carol Meka in the amount of \$81,000.

IT IS FURTHER ORDERED that pursuant to A.R.S. § 44-2037, civil penalty shall be imposed against Paul J. Meka and spouse Carol Meka in the amount of \$30,000. The civil penalty will be reduced to \$19,000 if disgorgement and penalties are paid within six months from the date of this order.

1 IT IS FURTHER ORDERED that pursuant to A.R.S. § 44-2032, civil penalty for
2 contempt of a prior Commission order shall be imposed against Paul J. Meka and spouse Carol
3 Meka in the amount of \$20,000.

4 IT IS FURTHER ORDERED that the Commission and Meka shall bear their own
5 attorneys' fees and costs.

6 IT IS FURTHER ORDERED that interest shall accrue on all damages at the legal rate of
7 ten percent per annum from date of entry of this Judgment until fully paid.

8 IT IS FURTHER ORDERED that there is no just reason for delay and this judgment shall
9 be entered immediately.

10
11 ORDERED this ____ day of May, 2006.

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14 _____
Honorable Timothy J. Ryan
Judge of the Superior Court
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25
26

Copies of the foregoing mailed
this ____ of _____, 2006:

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